

Sunset Public Hearing Questions for
**SOUTHEAST INTERSTATE LOW-LEVEL RADIOACTIVE WASTE COMPACT
and COMMISSION**

Created by Section 68-202-701, *Tennessee Code Annotated*
(Sunset termination June 2011)

1. Provide a brief introduction to the compact and the commission, including information about its purpose, statutory duties, staff, and administrative attachment. Describe the types of facilities with which the compact is concerned.

BACKGROUND

In 1980, Congress passed the Low-Level Radioactive Waste Policy Act, which provided for a new approach to the disposal of low-level radioactive waste (LLRW) in the United States. It assigned each State responsibility for the disposal of low-level radioactive waste generated within its borders and authorized states to enter into compacts for the purpose of operating regional disposal facilities. The 1980 Act also authorized compacts with existing disposal sites in Nevada, South Carolina, and Washington to stop accepting waste outside of those compact regions after a sufficient period of time had elapsed for the development of new disposal facilities in other compact regions.

To meet their obligations under the Act, Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee and Virginia formed the Southeast Interstate Low-Level Radioactive Waste Management Compact in 1983. The number of states in the Compact changed to seven with the withdrawal of South Carolina in 1995, and to six with the withdrawal of North Carolina in 1999. The compact concept offers the significant advantage of rotating responsibility for the region's LLRW and maximizing efficient use of available resources to protect public health and the environment.

THE COMMISSION

The Commission oversees the administration and implementation of the Compact agreement. The Commission has three standing committees that make recommendations to the full Commission, which has final authority for all policy decisions. All Commission and committee meetings are open to the public.

The Administrative Committee recommends fiscal policies, including the annual budget, analyzes and recommends proposed amendments to the Commission bylaws, and deals with all legal and administrative matters affecting the Commission.

The Policy and Planning Committee develops and recommends long-term Commission goals and the policies, procedures, and activities necessary to implement those goals, including the export of LLRW from the Southeast Compact, the identification of host states, and public awareness and involvement in Commission activities.

The Sanctions Committee advises the Commission on policies and procedures for establishing and enforcing sanctions for violation of the Southeast Compact law.

Sub-committees are appointed to handle short-term projects and report back to the main committee, and technical advisors are called upon as needed.

Commission activities are supported by three full-time staff members .

MISSION OF THE SOUTHEAST COMPACT COMMISSION

To ensure that adequate, reliable, and appropriate services are available, now and in the foreseeable future, such that low-level radioactive waste generated in the Southeast Region can be safely managed in an efficient, equitable, economical, and environmentally responsible manner in order that each party state may meet its responsibility for providing for the availability of capacity either within or outside the State for disposal of low-level radioactive waste generated within its borders (Article 1, PL 99-240).

The Commission is concerned with all facilities related to the management of low-level radioactive waste, including treatment and processing, storage, and disposal.

2. List the states that are currently parties to the compact and the dates of their entry.

Alabama (1983), Florida (1983), Georgia (1983), Mississippi (1983), Tennessee (1983), Virginia (1983)

3. Provide a list of current commission members and describe how members are appointed and their terms of office. If Tennessee members have alternates, please provide their names and titles also.

Tennessee Commissioners are:

Michael H. Mobley, Commissioner and Chair of the Commission

Debra G. Shults, Alternate Commissioner and Vice Chair of the Commission

They are appointed by the Governor and they serve until a replacement is named.

A roster of all Commissioners is attached. All Commissioners are appointed by the Governor of their state, but rules for appointment and terms of office vary slightly from state to state.

4. What per diem or travel reimbursement do members receive? How much was paid to commission members during fiscal years 2009 and 2010? Were any other expenses charged to the commission?

Members are reimbursed for travel to meetings of the Commission and to other meetings pertaining to the topic of low-level radioactive waste, as necessary and appropriate. The chair travels more to other events than the other members. They receive no per diem. Mileage and meals are reimbursed at the federal rate. Hotels and other incidentals are reimbursed in actual amounts with receipts.

As explained, in item 6, the Commission receives no state appropriations from the State

of Tennessee or fees paid by Tennessee facilities.

The Commission paid \$3,072.65 and \$1,483.51 for the reimbursement of travel expenses for the Tennessee members to Commission meetings in fiscal years 2008-09 and 2009-10, respectively. The Commission paid \$12,387.81 and \$8,831.22 in fiscal years 2008-09 and 2009-10, respectively, for reimbursement of other travel expenses incurred by the Tennessee members.

5. How many times has the commission met during fiscal years 2009 and 2010, and how many members were present at each meeting? How many of Tennessee's representatives were present each time?

6/09, 11 members attended, 2 from TN; 8/09, Teleconference, 10 members attended, 1 from TN

1/10, Teleconference, 15 members attended, 2 from TN; 6/10, 12 members attended, 2 from TN

6. What were the commission's revenues (by source) and expenditures (by object) for fiscal years 2009 and 2010? How is the cost of the compact and commission allocated to member states? Have the receipts and disbursements been audited annually, with the results included in the commission's annual report, as required by Article IV(i) of the compact?

See attached Annual Report, which includes the annual audit. In recent years, the Commission has been able to operate its budget based on the interest on its fund balance. No costs are allocated to member states. The Commission's fund balance is from fees paid by LLW generators located outside the Southeast Compact region for disposal at Barnwell, South Carolina between 1-1-93 and 6-30-94 and past interest earned.

7. Does the commission submit an annual report to the governors and to the presiding officer of each body of the legislature of each party state as required by Article IV(e)(3) of the compact? If so, please attach a copy of the most recent report. What other reports does the commission prepare on its operations, activities, and accomplishments, and who receives these reports?

The Annual Report is prepared and sent to the parties listed above as required. Copy is attached. No other routine reports.

8. Does the commission have a web site? If so, please provide its web address. What kind of public information is provided on the site?

www.secompact.org The website contains current news about the compact and the industry, roster of Commission membership, minutes and other documents, and links to other resources.

9. To what extent and in what ways is the public informed and involved in commission discussions and decisions? What forum is provided for public comment?

Mailing lists and email lists are maintained in the Commission office. The general public, generators and other interested parties are notified of Commission meeting via U.S. mail and email. Commission meetings are open to the public, and the public is encouraged to attend and comment at appropriately scheduled times on each agenda.

10. Does the commission keep minutes of its meetings? Who keeps the official minutes and how are the minutes made accessible to the public in each participating state?

Yes. The minutes are kept in the Commission office and posted on the Commission's website.

11. Describe the nature and extent of commission activities for fiscal years 2009 and 2010 and any major accomplishments. Have any advisory committees been established by the commission as authorized by Article IV(f) of the compact?

See the attached Annual Report. No Advisory Committees at this time.

12. Through the compact, the participating states agreed to provide sufficient facilities for the proper management of low-level radioactive waste generated in the region, limit the number of such facilities required, encourage the reduction of the amounts of low-level waste generated, and distribute the costs, benefits, and obligations of such management equitably among the participating states. Activities were to promote the region's health and safety and to ensure the ecological and economical management of low-level radioactive wastes. To what extent has the compact accomplished these goals?

The Commission has succeeded through negotiations and other activities in providing almost continuous access to sufficient facilities for the proper management of most low-level radioactive waste (by volume) generated in the region, limiting the number of such facilities required, encouraging the reduction of the amounts of low-level waste generated, and distributing the costs, benefits, and obligations of such management equitably among the participating states. In doing so, we have promoted the region's health and safety and the ecological and economical management of low-level radioactive wastes. The Commission continues to work in cooperation with other states and regions to retain access to the existing facilities, to obtain access to proposed facilities, and to promote the flow of waste across state lines as appropriate.

13. Where in the region are facilities located for the treatment, storage, or disposal of low-level radioactive waste? How much low-level radioactive waste is generated in Tennessee per year? How does this compare with other participating states?

Treatment facilities are located in Alabama, Florida, and Tennessee. No commercial storage or disposal facilities exist in the region.

Data is not available for the amounts of low-level radioactive waste generated in each state. Tennessee has similar generators to other states in the southeast region (nuclear power plants, industrial users, manufacturers, educational institutions, medical facilities, etc.) and thus generates similar wastes.

14. Section 68-202-706, *Tennessee Code Annotated*, provides that the Commissioner of the Department of Environment and Conservation is authorized to make inspections and examinations of radiation sources which are subject to the provisions of this section of the code. Describe the type, number, and frequency of inspections conducted by the commissioner under this authority. Have any civil penalties been assessed for violations under Section 68-202-707, *Tennessee Code Annotated*?

This section of the Code was added in 1993, as it was to the laws of the other member states, to enable the Department to conduct inspection and enforcement activities related to Compact sanctions. No inspections have been conducted under this section. No civil penalties have been assessed for violations under this section of the Code. The inspections and enforcement done by the Division of Radiological Health has been done under other authority.

15. How, if at all, has the advent of homeland security related activities changed the way in which the compact carries out its functions?

No change.

16. Describe any items related to the compact or to the commission that require legislative attention and your proposed legislative changes.

None at this time.

17. Should Tennessee's participation in the compact be continued? Why or why not?

The circumstances regarding facilities for the safe disposal of low- level radioactive waste are continuously changing as operations close or open and states realign themselves into different compacts. Therefore, the activities of the Commission are needed on a continuous basis to assure ongoing access to adequate, economical waste management services for generators of waste in Tennessee. Interruption or elimination of access to these services could be detrimental to the health and safety of Tennessee citizens and could be detrimental to industry in the state.

18. Please list all commission programs or activities that receive federal financial assistance and, therefore are required to comply with Title VI of the Civil Rights Act of 1964. Include the amount of federal funding received by program/activity.

Although the Commission does not receive federal financial assistance, we have provided the following answers for the Department of Environment and Conservation.

If the commission does receive federal assistance, please answer questions 19 through 26. If the commission does not receive federal assistance, proceed directly to question 25.

19. Does your commission prepare a Title VI plan? If yes, please provide a copy of the most recent plan.

The TDEC has a Title VI Plan that's developed for and applicable to all TDEC programs.

20. Does your commission have a Title VI coordinator? If yes, please provide the Title VI coordinator's name and phone number and a brief description of his/her duties. If not, provide the name and phone number of the person responsible for dealing with Title VI issues.

The TDEC has a Title VI Coordinator and Complaint Officer.

Coordinator: Costin Shamble (615-253-8337) - Facilitate Title VI compliance activities; review data and make recommendations of actions to enhance Title VI compliance; conduct Title VI training programs; compile Department's Title VI Implementation Plan; represent the TDEC at meetings on Title VI.

Complaint Officer: M. C. Holland (615-532-0153) - Receives Title VI complaints; conducts an investigation of complaints; facilitates a remedy of Title VI concerns; makes recommendation(s) of actions needed to resolve complaint.

21. To which state or federal agency (if any) does your commission report concerning Title VI? Please describe the information your commission submits to the state or federal government and/or provide a copy of the most recent report submitted.

The TDEC is required to submit an annual Title VI Implementation Plan to the State Comptroller of the Treasury. Additionally, the Plan is submitted to and reviewed by the Title VI Legislative Sub-Committee of the State Legislature. A public hearing is conducted annually on the Plan. Disadvantaged business participation is submitted to the Environmental Protection Agency.

22. Describe your commission's actions to ensure that commission staff and clients/program participants understand the requirements of Title VI.

Internally:

- **Mandatory Civil Rights training of TDEC staff included Title VI**
- **TDEC Title VI brochure distributed to Department staff**
- **Periodic discussions with staff, Title VI related actions/activities**
- **Staff participation in training programs offered by state and federal agencies**

Externally:

- **Participation in Community Title VI workshops and conferences**
- **Contract language includes Title VI compliance**
- **Posting of Civil Rights posters**
- **Distribution of Title VI brochure**

23. Describe your commission's actions to ensure it is meeting Title VI requirements. Specifically, describe any commission monitoring or tracking activities related to Title VI, and how frequently these activities occur.

Minority participation in TDEC programs and activities is reviewed by the Title VI Coordinator. Activities reviewed include: representation on boards, disadvantaged business participation, and public participation. Meetings with the Commissioner's staff are held to discuss minority participation issues at least quarterly. Disadvantaged business participation is submitted quarterly to the Environmental Protection Agency. A compilation of the TDEC's minority outreach and participation is reviewed routinely and compiled annually.

24. Please describe the commission's procedures for handling Title VI complaints. Has your commission received any Title VI-related complaints during the past two years? If yes, please describe each complaint, how each complaint was investigated, and how each complaint was resolved (or, if not yet resolved, the complaint's current status).

The TDEC did not receive a Title VI Complaint during fiscal year 2008-2009.

Complaint procedure:

Complaints must be filed in writing. The complaint should be filed on the TDEC's complaint form. The division director of the program will forward the complaint to the Title VI Complaint Officer.

TDEC will make a prompt investigation when a complaint or other information indicating a violation is received. If the investigation indicates a violation of Title VI, TDEC will notify the recipient and will attempt to resolve the matter informally. If the investigation indicates that a violation did not occur, TDEC will notify the recipient and the complainant in writing.

The Title VI Complaint Officer will submit findings and conclusions to TDEC Civil Rights Champions. The Assistant Commissioner will issue a decision on the investigation findings and conclusions. Decisions made by the Assistant Commissioner can be appealed to the Commissioner within 30 days of receipt of the decision.

A complaint may be filed with the appropriate Federal agency no later than 180 calendar days after the alleged discrimination occurred.

Citizen suits remain an option in this process.

TDEC's toll free hotline (1-888-891-8332), accessible statewide, is maintained and available for complaints.

25. Please provide a breakdown of current commission staff by title, ethnicity, and gender.

**Executive Director, Caucasian, female
Associate Director, Caucasian, male
Director of Special Projects, Caucasian, female**

26. Please list all commission contracts, detailing each contractor, the services provided, the amount of the contract, and the ethnicity of the contractor/business owner.

None.

SOUTHEAST COMPACT COMMISSION

ROSTER

JUNE, 2010

Chairman
Vice Chairman
Secretary-Treasurer
Executive Director

Michael Mobley, Tennessee
Debra Shults, Tennessee
Robert Goff, Mississippi
Kathryn V. Haynes

COMMISSIONER

ALTERNATE

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ALTERNATE

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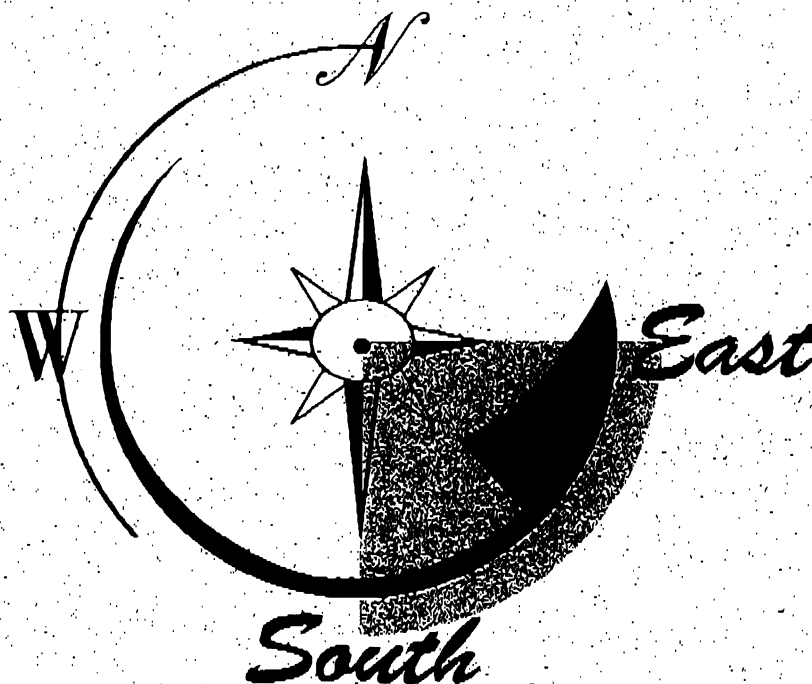
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**A Report to the Citizens of the Southeast
Interstate Compact Region on the Activities
of the Southeast Interstate Low-Level
Radioactive Waste Management Commission
July 1, 2008 - June 30, 2009**

States Working for Responsible Waste Management



annual report

**Southeast Compact Commission
for Low-Level Radioactive Waste Management**

AL • FL • GA • MS • TN • VA

2008-2009: YEAR AT A GLANCE

COMMISSION ACTIVITIES

Access to Safe, Adequate LLRW Management

Throughout fiscal year 2008/2009, the Commission continued to allow Southeast generators to ship their waste to the disposal facilities in Clive, Utah and Richland, Washington, without any restrictions or requirements for prior approval or fees. Southeast generators also had unrestricted access to all storage and treatment facilities in the nation.

Future Access to Safe, Adequate LLRW Management

The State of South Carolina closed the doors of the disposal facility in Barnwell, SC to waste generators in the Southeast and 30 other states across the nation on June 30, 2008. The Energy Solutions facility in Utah will continue to accept most Class A waste. Despite earnest efforts by the Commission to negotiate access to existing facilities, Southeast Compact generators likely will continue to have nowhere to dispose of all Class B and Class C and certain types of Class A LLRW.

Enforcement of Sanctions Against North Carolina History

The Commission is involved in a lawsuit entitled *State of Alabama, State of Florida, State of Tennessee, Commonwealth of Virginia, and the Southeast Interstate Low-Level Radioactive Waste Management Commission v. State of North Carolina*, which was filed on June 3, 2002 in the Supreme Court of the United States. This action was taken as a consequence of North Carolina's failure to license and construct a low-level radioactive waste disposal facility and the State's subsequent withdrawal from the Compact. The Supreme Court referred the matter to a Special Master.

At the outset, the parties filed dispositive motions, which were granted in part and denied in part, in a report issued by the Special Master on June 19, 2006. Thereafter, discovery ensued.

In September 2007, both sides filed motions with the Special Master seeking summary judgment.

Activity During FY 2008/2009

In January 2009, the Special Master issued a report recommending that the Commission's and party states' Motion for Summary Judgment on Count II of the Complaint, which is based on breach of contract, be denied. The Special Master also recommended that North Carolina's Motion for Summary Judgment be granted with respect to Count II and be denied with respect to Counts III – V of the Bill of Complaint.

In April 2009, the Special Master submitted final versions of his reports to the Court. The parties then submitted exceptions to those reports, which will be argued before the Court on January 11, 2010.

At this time, it does not appear likely that the State of North Carolina is willing to settle the matter. The Commission intends to pursue the case aggressively in lieu of an out-of-court settlement. At this point in the proceedings, the Commission attorneys are unable to give a meaningful evaluation of the likelihood of a favorable outcome in the case.

"Compacts are important contracts between states, and North Carolina's actions raise extremely serious questions about the enforcement of the Compact governing disposal of low-level radioactive waste in the Southeast. Indeed, we believe North Carolina's actions, if allowed by the Court, threaten the viability of using Compacts to address other important interstate problems as well."

— Michael H. Mobley, Chairman,
Southeast Compact Commission

Policy on Radiation Control in the United States

On June 17, 2009, the Commission approved a course of action to implement the Commission's Policy on Radiation Control in the United States that was adopted by the Commission in June 2008. The Commission voted to "build a consensus through meeting with other organizations on this issue before going to Congress."

The June 2008 policy statement recommends that the United States Congress enact legislation establishing a national policy in regard to ionizing radiation, including the management of radioactive waste. The policy statement notes that, "such legislation should establish a common goal that users and regulators could support and work towards and would designate a plan of action and responsibility for achieving the goal." A rational national policy would strengthen the ability of all compacts and states to meet their responsibilities under the existing Low-Level Radioactive Waste Policy Amendments Act.

The term "ionizing radiation" refers to radiation that has sufficient energy to remove electrons from the electron cloud of an atom. It has many practical uses in industry, medicine, research, construction, and other areas, but

presents a healthhazard if used improperly. Radioactive waste is a by-product of the use of radioactive materials.

Policy on the Management of Low-Level Radioactive Waste

On June 17, 2009, the Commission amended its 2005 policy statement on the management of commercial LLRW. The statement encourages states, compacts, and the federal government to closely monitor access to permanent waste disposal to avoid a crisis in the future. Additionally, it reviews the impact of the loss of access for Class B and C waste in 2008 with the closing of the Barnwell, South Carolina disposal facility to out-of-region waste and provides a cautionary note regarding future decisions and alternative proposals.

Supporting the National Compact System

The Commission continued to monitor site development efforts in other compact regions and worked cooperatively with other states and regions on numerous issues. Commissioners and Commission staff worked throughout 2008/2009 to nurture existing relationships and forge new relationships to maintain a national presence among interstate compacts, as well as the waste management industry. Commission representatives played a leadership role in national organizations, serving on national committees, and making presentations to government and industry groups.

Throughout the year, the Commission actively participated in the LLW Forum to promote implementation of the Low-Level Radioactive Waste Policy Act of 1980 and the Low-Level Radioactive Waste Policy Amendments Act of 1985.

Richard S. Hodes, M.D. Honor Lecture Award

The Commission selected Ms. Susan Jablonski, Director of the Radioactive Materials Division at the Texas Commission on Environmental Quality (TCEQ), to receive the Richard S. Hodes, M.D. Honor Lecture Award for 2009. Ms. Jablonski is an innovator and leader in the development of new approaches to the regulation of LLRW and the licensing of LLRW disposal facilities in the United States.

Ted Buckner, Associate Director of the Commission, presented the award to Ms. Jablonski on March 2, 2009 at the Waste Management Symposium in Phoenix, Arizona. Following the award, Ms. Jablonski delivered a distinguished lecture on the challenges and lessons learned in LLRW management and disposal in the Texas Compact and her insights into the LLRW industry.

The Commission established the Hodes Award in memory of Richard S. Hodes, M.D. and his achieve-

ments in the field of LLRW management. Dr. Hodes was the chair of the Southeast Compact Commission from its inception in 1983 until his death in 2002.

The award encourages environmental professionals and political leaders to develop innovative approaches to LLRW waste management in the United States. The award recipient receives a \$5,000 honorarium and travel expenses to present a lecture on the innovations during the annual Waste Management Symposium in Arizona.

Information regarding the Richard S. Hodes, M.D. Honor Lecture Award may be obtained by contacting the Commission by email, secc@secompact.org; or by visiting the Commission's web site at www.secompact.org.

Commission Web Site

The Commission maintains a web site for use by commissioners, LLRW generators, and the public to keep them informed on current events and activities of the Commission as well as issues of national interest. The web page may be accessed at www.secompact.org.

Directory of Brokers and Processors

The Commission maintains a comprehensive national directory of brokers and processors providing waste management services to LLRW generators. Some 85 vendors have voluntarily listed and updated their information in the directory.

The Internet-based directory is designed for use by LLRW compacts, states, federal agencies, and users of radioactive materials to provide information about companies that package, transport, process, or otherwise manage radioactive material in preparation for ultimate disposal. The directory is provided to all as a free service and is located at www.bpdirectory.com.

MISSION OF THE SOUTHEAST COMPACT COMMISSION

To ensure that adequate, reliable, and appropriate services are available, now and in the foreseeable future, such that low-level radioactive waste generated in the Southeast Region can be safely managed in an efficient, equitable, economical, and environmentally responsible manner in order that each party state may meet its responsibility for providing for the availability of capacity either within or outside the State for disposal of low-level radioactive waste generated within its borders. (Article 1, PL 99-240)

Financial Report Fiscal Year 2008-09

An audit of the books for FY 2008-09 was conducted by the firm of Walker Rodeniser & Welch LLP, Certified Public Accountants of Raleigh, North Carolina. The firm submitted the following statement dated October 13, 2009.

We have audited the accompanying statement of cash receipts and disbursements of the Southeast Compact Commission for Low-Level Radioactive Waste Management (a nonprofit organization) as of June 30, 2009. This financial statement is the responsibility of the organization's management. Our responsibility is to express an opinion on this financial statement based on our audit. The financial statement of Southeast Compact Commission for Low-Level Radioactive Waste Management as of June 30, 2008, was audited by other auditors whose opinion dated October 24, 2008 on that statement was qualified because of the departure from generally accepted accounting principles described in the third paragraph below.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Southeast Compact Commission for Low-Level Radioactive Waste Management as of June 30, 2009, on the cash basis of accounting.

Walker Rodeniser & Welch LLP

October 13, 2009

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

For the Years Ended June 30, 2009 and 2008

	2009	2008
CASH RECEIPTS:		
Interest income	\$ 828,534	\$ 859,877
Realized gain on investments	<u>6,250</u>	<u>2,953</u>
<i>Total cash receipts</i>	<u>\$ 834,784</u>	<u>\$ 862,830</u>
CASH DISBURSEMENTS:		
Salaries	428,536	432,285
Professional services	133,739	1,831,504
Fringe benefits	128,537	125,428
Section 83 Deferred Compensation	--	150,000
Insurance	27,031	26,928
Office expense	11,119	8,086
Occupancy expense	21,704	20,302
Travel	53,617	46,101
Telephone	6,290	6,046
Hodes Award	7,572	7,320
State unemployment taxes	139	134
Miscellaneous	472	732
<i>Total cash disbursements</i>	<u>\$ 818,756</u>	<u>\$ 2,654,866</u>
Increase (decrease) in cash	16,028	(1,792,036)
Cash, cash equivalents, and temporary investments at beginning of year	21,503,804	23,295,840
Cash, cash equivalents, and temporary investments at end of year	<u>\$ 21,519,832</u>	<u>\$ 21,503,804</u>

See accompanying notes to financial statements.

Notes to Financial Statements

For the Years Ended June 30, 2009 and 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities - The Southeast Commission for Low-Level Radioactive Waste Management is an organization responsible for the proper management of low-level radioactive waste in order to protect public health and the environment. The defined mission of the Commission is "to ensure that adequate, reliable, and appropriate services are available, now and in the foreseeable future, such that low-level radioactive waste generated in the Southeast Region can be safely managed in an efficient, equitable, economical, and environmentally responsible manner in order that each party state may meet its responsibility for providing for the availability of capacity either within or outside the State for disposal of low-level radioactive waste generated within its borders" (Article 1, PL 99-240). The Commission consists of members from Alabama, Florida, Georgia, Mississippi, Tennessee, and Virginia.

Basis of Accounting - The accompanying financial statements have been prepared on the cash basis of accounting. Under the cash basis, the Commission only records cash receipts and disbursements at the time of such transactions. The cash basis is a departure from generally accepted accounting principles primarily because the effects of accounts receivable uncollected, accounts payable, and accrued expenses unpaid at the date of the financial statements, are not included in the financial statements. In addition, property and equipment are expensed when purchased rather than capitalized.

Income Tax - The Commission has been classified as an exempt organization by Congress under Public Law 99-240 and, therefore, is not subject to income tax.

(2) CONCENTRATIONS OF CREDIT RISK

The Commission maintains cash and investment balances with financial institutions in North Carolina. Cash balances at the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At both June 30, 2009 and 2008, cash balances were fully insured.

(3) CASH, CASH EQUIVALENTS, AND TEMPORARY INVESTMENTS

Cash, cash equivalents, and temporary investments include checking and money market accounts, certificates of deposit, and callable securities of U.S. Treasury Bills and U.S. Agency Obligations purchased with maturities of one to five years. See Note 4.

A summary of cash, cash equivalents, and temporary investments at June 30, 2009 and 2008 follows:

	2009	2008
Out-of-Region (60) Account	\$ 21,407,540	\$ 21,324,705
General Account	103,588	176,655
Bank Accounts	<u>8,704</u>	<u>2,444</u>
	<u>\$ 21,519,832</u>	<u>\$ 21,503,804</u>

(4) TEMPORARY INVESTMENTS

Investments consist of certificates of deposit, U.S. Treasury Bills, and U.S. Agency Obligations recorded at cost. The fair market values of U.S. Treasury Bills may fluctuate depending on changes in interest rates.

The Commission has an investment policy to guide investment making decisions by management. The policy states that the overall objective is to obtain as high a level of current income as is consistent with the preservation of capital and the level of liquidity necessary to approximately match expected cash flows. The funds can be invested in a combination of the following:

- Interest bearing demand deposits invested in U.S. Treasury Bills or other short-term U.S. Treasury securities.
- Bonds, notes, or other evidences of indebtedness that are direct obligations of the United States of America or that are unconditionally guaranteed both as to principal and interest by the United States of America.
- Bonds, notes, or other evidences of indebtedness that are obligations of agencies of the United States of America.

A summary of the investment account at June 30, 2009 is as follows:

	Fair Market Value	Unrealized Gain (Loss)	Cost
U.S. Govt. Obligations	\$18,171,887	\$ (40,043)	\$18,211,930
Certificates of Deposit	<u>2,787,179</u>	<u>3,179</u>	<u>2,784,000</u>
Total	<u>\$20,959,066</u>	<u>\$ (36,864)</u>	<u>\$20,995,930</u>

A summary of the investment account at June 30, 2008 is as follows:

	Fair Market Value	Unrealized Gain (Loss)	Cost
U.S. Govt. Obligations	\$18,990,185	\$ (80,497)	\$19,070,682
Certificates of Deposit	<u>1,717,838</u>	<u>(10,162)</u>	<u>1,728,000</u>
Total	<u>\$20,708,023</u>	<u>\$ (90,659)</u>	<u>\$20,798,682</u>

These unrealized gains and losses would only be realized if the U.S. Government Obligations were sold before their maturity date. It has been the policy of the Commission to hold the investments to maturity, resulting in no realized gain or loss.

(5) RETIREMENT PLAN

All employees earning \$450 or more in a calendar year who meet certain age and length of service requirements are eligible to participate in the Commission's Simplified Employee Pension Plan. This qualified pension plan provides for contributions by the Commission at the rate of 25% of gross salary. Retirement contributions were \$99,154 and \$99,836 for the years ended June 30, 2009 and 2008, respectively.

(6) OPERATING LEASES

The Commission leases office space pursuant to a lease signed March 8, 2006 and extending through March 31, 2011. Initial monthly rent was \$1,422, escalating at 5% per year with a discount of \$150 for additional parking and janitorial services. Rental expense, included in occupancy expense on the statement of cash receipts and disbursements, for the year ended June 30, 2009 and 2008 was \$17,243 and \$16,336, respectively. There is also a month-to-month lease for parking spaces of \$80 per month, included in the occupancy expense.

Future minimum lease payments related to the lease are as follows: Year ending June 30, 2010 - \$18,195; and 2011 (9 months) - \$14,202. Total - \$32,397.

(7) SANCTIONS

The Commission is involved in a lawsuit entitled *State of Alabama, State of Florida, State of Tennessee, Commonwealth of Virginia, and the Southeast Interstate Low-Level Radioactive Waste Management Commission v. State of North Carolina*, which was filed on June 3, 2002 in the Supreme Court of the United States. This action was taken as a consequence of North Carolina's failure to license and develop a low-level radioactive waste disposal facility and the State's subsequent withdrawal from the Compact. The Supreme Court referred the matter to a Special Master.

At the outset, the parties filed dispositive motions, which were granted in part and denied in part, in a report issued by the Special Master on June 19, 2006. Thereafter, discovery ensued.

In September 2007, both sides filed motions with the Special Master seeking summary judgment. In January 2009, the Special Master issued a report recommending that the Commission's and party states' Motion for Summary Judgment on Count II of the Complaint, which is based on breach of contract, be denied. The Special Master also recommended that North Carolina's Motion for Summary Judgment be granted with respect to Count II and be denied with respect to Counts III - V of the Bill of Complaint.

In April 2009, the Special Master submitted final versions of his reports to the Court. The parties then submitted exceptions to those reports, which will be argued before the Court on January 11, 2010.

At this time, it does not appear likely that the State of North Carolina is willing to settle the matter. The Commission intends to pursue the case aggressively in lieu of an out-of-court settlement. At this point in the proceedings, the Commission attorneys are unable to give a meaningful evaluation of the likelihood of a favorable outcome in the case.

Southeast Compact Commission Membership

JULY 1, 2008- JUNE 30, 2009

The Compact Commission is composed of two Commissioners and two Alternate Commissioners appointed from each member state.

Officers

Chairman	Michael Mobley, Tennessee
Vice-Chairman	Debra Shults, Tennessee
Secretary/Treasurer	Robert Goff, Mississippi

Staff

Executive Director	Kathryn Haynes
Associate Director	Ted Buckner
Director of Special Projects	Linda Walters

Southeast Compact Commission

for Low-Level Radioactive Waste Management



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State	Commissioners	Alternate Commissioners
<i>Alabama</i>	Kirksey Whatley Terri Adams	Karl Frost (Appt. 10/08)
<i>Florida</i>	William Passetti John Lanza, M.D., Ph.D.	Susan Clark (3/01-10/08)
<i>Georgia</i>	Chris Clark (7/07-5/09) Phil Foil (Appt. 5/09) James Sommerville	Paul Burks Ted Jackson
<i>Mississippi</i>	Robert Goff Trudy Fisher	Terry Coggins Robbie Wilbur
<i>Tennessee</i>	Michael Mobley	Debra Shults
<i>Virginia</i>	Sen. Charles Hawkins (10/94-9/08) John (Jack) Storton (Appt. 9/08) Richard Weeks	Herbert Wheary Karen Sismour (11/02-10/08) Les Foldesi (Appt. 1/09)

States Working for Responsible Waste Management